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Construction employment rises in September; construction executives' optimism cools, ENR finds

Construction employment, seasonally adjusted, totaled 7,447,000 in September, an increase of 22,000 from August, according to AGC's [analysis](#) of Bureau of Labor Statistics (BLS) data [posted](#) on Friday. The September total was 201,000 (-2.6%) below the pre-pandemic peak in February 2020. **Residential construction employment**, comprising residential building and specialty trade contractors, increased by 3,400 in September, putting the total 80,000 (2.7%) higher than in February 2020. **Nonresidential construction employment**—building, specialty trades, and heavy and civil engineering construction—rose by 18,600 following five declines in a row, putting the total 281,000 (-6.0%) below the February 2020 level. Nonresidential employment has regained only 56% of the jobs it lost between February and April 2020, compared to 78% for total nonfarm payroll employment and 117% for residential construction. A total of 444,000 former construction workers were unemployed in September, down 37% year-over-year (y/y) from September 2020. The industry's **unemployment** rate in September was 4.5%, not seasonally adjusted, compared to 7.1% in September 2020 and the third-lowest September rate in the 22-year history of the series. (The only lower September rates were in 2018, 4.1%, and 2019, 3.2%.) **Average hourly earnings in construction** totaled \$33.25 in September, seasonally adjusted, an increase of 4.5% y/y and a premium of 7.8% over the average for the nonfarm private sector (\$30.85, up 4.6% y/y). In September 2018, the construction premium was 10.5%. The premium has declined as historically low-wage employers such as restaurants and warehouses raise starting pay.

"Worries over price inflation and persistent labor shortages have cooled optimism among construction executives, but overall confidence in the market remains strong, [as] can be seen in results of the latest ENR Construction Industry Confidence Index," [Engineering News-Record](#) reported on September 27. "The Index dropped [following a record] gain in Q2 [the second quarter of 2021 but] remains at its second-highest level" since Q3 2018. "The measure is based on responses by industry executives to surveys sent between August 9 and September 20 to U.S. companies on ENR's lists of leading general contractors, subcontractors, and design firms....Execs remain confident in the economy in the short term, but doubts have crept in about the medium term. Only 14% consider the current U.S. economy to be in decline, but that number jumps to 24% when considering the outlook in 12-18 months. Individual market segments have stayed strong," including distribution/warehouses, hospitals/health care, transportation, multi-unit residential, industrial/manufacturing, and water/sewerage. "The most notable drop was in the entertainment/theme parks/cultural market."

Roofing materials, including "roof insulation, insulation and membrane fasteners, some membrane products and roof accessory products continue to be in short supply," the National Roofing Contractors Association wrote in a September "Industry Issue Update." "Manufacturers are reporting anticipated lead times for fulfilling newly placed orders for some materials and products of four months or more with some large orders having lead times as long as 12 months....recently, several manufacturers have instituted new policies basing pricing at the time of shipment instead of at the time the order is placed. This puts roofing contractors in the position of not having actual material and product pricing at the time of offering a proposal or bid and entering into a contract with a building owner.... in the aftermath of Hurricane Ida,...roofing manufacturers have been faced with declarations for force majeure regarding supply contracts and shipments from raw material providers. These include MDI, steel rods used in the manufacturing of fasteners, glass mats used in asphalt shingles and some roof membranes, and some specialty chemicals used in a variety [of] roofing products....NRCA expects the current situation of roofing material and product shortages, long lead times and significant price volatility to continue through 2022." More recently, on October 4, Firestone Building Products announced a **price increase for roofing membranes** of "up to 15%," effective on or after October 15, with additional price increases of 10% effective January 1, 2022. The reader who sent this notice also sent one from Sika Sarnafil that included a 10% surcharge effective October 11, plus additional increases of 10-25%, effective January 1. The reader added, "We have received similar letters from all manufacturers with price increases of 10%-30% for material delivered in Q1 2022." Readers are invited to **send price and supply-chain information** to ken.simonson@agc.org.

Price increases are continuing for raw materials for selected construction inputs. "U.S. crude rose more than 2% early Monday to a seven-year high of \$81.50 a barrel, bringing its climb since the end of last October to more than 120%," the [Wall Street Journal](#) reported online today. "Copper prices are about 10% below a May record" but "U.S. natural-gas futures on Oct. 5 hit a nearly 13-year high at \$6.31 a million British thermal units, bringing their advance for the year to almost 150% [before] a recent retreat" to close at \$5.57 on Friday.

Market data collected in August by analytics firm EquipmentWatch "found the average age of **construction equipment** has risen 12% in resale and 14% in auctions," [ENR](#) reported on September 27. "While scarcity is not at a crisis point, [Heather Messing, the firm's analytics lead] does expect strong resale and auction pricing to continue as equipment manufacturers struggle to overcome supply-chain issues. 'I haven't heard [original equipment manufacturers] saying that their supply chains will straighten themselves out, so it's hard to make the argument that there will be a return to normal pre-pandemic [pricing] levels any time soon.'"